CLASSIFICATION

CONSIDERTIAL 9/08: CIA-RDP82-00457R001800110003-REPORT Approved For Release 1999/09/08

25X1A

231920

COUNTRY

China

DATE DISTR. 18

August 1948

SUBJECT

Political Information: Chinese Businessmen Plan Independence of North China

NO. OF PAGES

PLACE ACQUIRED

25X1A

NO. OF ENCLS.

CIA Library

DATE OF INFO May 1948

SUPPLEMENT TO REPORT NO.

25X1X

- 1. A group of Chinese businessmen of North China, including influential Tientsin merchants, have decided on a plan of action to combat the critical military and economic situation in North China. This plan hinges chiefly on the collaboration of Generals FU Tso-yi, YEN Hsi-shan, and HU Tsung-pan () in setting up an independent government in North China, and on military and technical) in setting assistance from Japanese in both China and Japan.
- 2. The project has progressed be ond the "idea" stage. Co-betweens are secretly visiting these generals in attempts to parsuade them to this course of action, and while they have not reached an agreement, it is certain that they take the plan seriously.
- 3. While American aid is desirable, the group prefers to try the plan for a year before requesting it, as they believe that the United States Government may doubt their sincerity in view of past experiences with the Kuomintang Government. However, cooperation of trustworthy Japanese is expected from the beginning and FU and YEN hope to get large numbers of Japanese ex-officers and men from Japan to strengthen their forces. (See

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